

TRICARE SENIOR PRIME

TRICARE Northwest Region 11

Code of Conduct

PURPOSE

This Code of Conduct has been adopted by the TRICARE Senior Prime Board of Directors to provide standards by which employees of TRICARE Senior Prime, its contractors and agents, will conduct themselves in order to protect and promote organization-wide integrity and to enhance TRICARE Senior Prime's ability to achieve the organization's mission.

INTRODUCTION

The Code of Conduct contains *Principles* articulating the *Policy* and *Standards* of the Plan, which are intended to provide additional guidance to persons functioning in managerial or administrative capacities. The Principles set forth in this Code of Conduct shall be distributed periodically to all employees. The Principles and Standards shall be distributed annually to directors, officers, selected employees, volunteers and medical staff members having administrative or managerial responsibilities. All employees are responsible to ensure that their behavior and activity is consistent with the Code of Conduct.

As used in this Code of Conduct, the term "TSP" and/or "The Plan" means TRICARE Senior Prime and each of its divisions, subsidiaries and operating or business units. The terms "officer," "director," "employee," and "volunteer" include any person who fills such a role or provides services on behalf of TRICARE Senior Prime or any of its divisions, subsidiaries, or operating or business units (including the Managed Care Support Contractor, its employees and its subcontractors).

REFERENCES:

This document supplements, but does not replace the Department of Defense, Joint Ethics Regulation and the Health Net Federal Services (HNFS) Associate Handbook "Code of Business Conduct" and any other existing Corporately delineated "Code of Conduct" documents which may exist with subcontractors of the MCSC. Therefore, these documents are applicable to all government, contractor and subcontractor employees or associates. Standards of conduct and integrity which pertain to DoD Contractors are further delineated in the Federal Acquisition Regulation and mandated clauses contained in the Managed Care Support Contract. These requirements, as any mandated requirements in subcontractor agreements, are applicable and

generally enforceable under contract law.

Principle 1 - Legal Compliance

TRICARE Senior Prime will strive to ensure all activity by or on behalf of the organization is in compliance with applicable laws.

The following Standards are intended to provide guidance to employees and management in administrative positions to assist them in their obligation to comply with applicable laws. These standards are neither exclusive nor complete. Employees are required to comply with all applicable laws, whether or not specifically addressed in these policies. If questions regarding the existence of, interpretation or application of any law arise, they should be directed to the TSP legal counsel.

Standard 1.1 - Antitrust

All employees must comply with applicable antitrust and similar laws that regulate competition. Examples of conduct prohibited by the laws include (1) agreements to fix prices, bid rigging, collusion (including price sharing) with competitors; (2) boycotts, certain exclusive dealing and price discrimination agreements; and (3) unfair trade practices including bribery, misappropriation of trade secrets, deception, intimidation and similar unfair practices. Employees are expected to seek advice from the TSP counsel when confronted with business decisions involving a risk of violation of the antitrust laws. To the extent this applies to a contractor, the contractor cannot obtain legal advice from a Government lawyer. A contractor and its employees must obtain private legal advice.

Standard 1.2 - Tax

This section is applicable to those entities with which TSP contracts or works with.

As a government entity, TSP has a legal and ethical obligation to act in compliance with applicable laws, to engage in activities in furtherance of its purpose, and to ensure that its resources are used in a manner that furthers the public good rather than the private or personal interests of any individual. Consequently, TSP and its employees will avoid compensation arrangements in excess of fair market value, will accurately report payments to appropriate taxing authorities, and will file all tax and information returns in a manner consistent with applicable laws.

Standard 1.3 - Fraud and Abuse (same as Standard 2.3 below)

Standard 1.4 - Lobbying/Political Activity

TRICARE Senior Prime expects each of its employees and contractors or agents to refrain from engaging in activity that may violate the federal regulation pertaining to this activity.

Standard 1.5 - Environmental

It is the policy of TSP to manage and operate its business in the manner that respects our environment and conserves natural resources. TSP employees will strive to utilize resources appropriately and efficiently, to recycle where possible and otherwise dispose of all waste in accordance with applicable laws and regulations, and to work cooperatively with the appropriate authorities to remedy any environmental contamination for which TSP may be responsible.

Standard 1.6 - Discrimination

TSP believes that the fair and equitable treatment of employees, patients and other persons is critical to fulfilling its vision and goals.

It is a policy of TSP to enroll subscribers and treat patients without regard to the race, color, religion, sex, ethnic origin, age or disability of such person, or any other classification prohibited by law.

It is a policy of TSP to recruit, hire, train, promote, assign, transfer, layoff, recall and terminate employees based on their own ability, achievement, experience and conduct without regard to race, color, religion, sex, ethnic origin, age or disability, or any other classification prohibited by law.

No form of harassment or discrimination on the basis of sex, race, color, disability, age, religion or ethnic origin or disability or any other classification prohibited by law will be permitted. Each allegation of harassment or discrimination will be promptly investigated in accordance with applicable human resource policies.

Principle 2 - Business Ethics

In furtherance of TRICARE Senior Prime's commitment to the highest standards of business ethics and integrity, employees will accurately and honestly represent TRICARE Senior Prime and will not engage in any activity or scheme intended to defraud anyone of money, property or honest services.

The Standards set forth below are designed to provide guidance to ensure that TSP's business activities reflect the high standards of business ethics and integrity. Employee conduct not specifically addressed by these standards must be consistent with Principle 2.

2.1 - Honest Communication

TSP requires candor and honesty from individuals in the performance of their responsibilities and in communication with our attorneys and auditors. No employee shall make false or misleading statements to any patient, person or entity doing business with TSP about other patients, persons or entities doing business or competing with TSP, or about the products or services of TSP or its competitors.

2.2 - Misappropriation of Proprietary Information

TSP employees shall not misappropriate confidential or proprietary information belonging to another person or entity nor utilize any publication, document, computer program, information or product in violation of a third party's interest in such product. All TSP employees are responsible to ensure they do not improperly copy for their own use documents or computer programs in violation of applicable copyright laws or licensing agreements. Employees shall not utilize confidential

business information obtained from competitors, including customer lists, price lists, contracts or other information in violation of a covenant not to compete, prior employment agreements, or in any other manner likely to provide an unfair competitive advantage to TSP.

2.3 - Fraud and Abuse

TRICARE Senior Prime expects its employees to refrain from conduct that may violate the fraud and abuse laws. These laws prohibit (1) the direct, indirect or disguised payments in exchange for the referral of patients; (2) the submission of false, fraudulent or misleading claims to any government entity or third party payer, including claims for services not rendered, claims which characterize the service differently than the service actually rendered, or claims which do not otherwise comply with applicable program or contractual requirements; and (3) the making false representations to any person or entity in order to gain or retain participation in a program or to obtain payment for any service. (For additional guidance, please refer to the TRICARE Senior Prime Fraud and Abuse Compliance Policy.)

Principle 3 - Confidentiality

TRICARE Senior Prime employees shall strive to maintain the confidentiality of patient and other confidential information in accordance with applicable legal and ethical standards.

TSP and its employees are in possession of and have access to a broad variety of confidential, sensitive and proprietary information, the inappropriate release of which could be injurious to individuals, TSP's business partners and TSP itself. Every TSP employee has an obligation to actively protect and safeguard confidential, sensitive and proprietary information in a manner designed to prevent the unauthorized disclosure of information.

3.1 – Beneficiary/Enrollee Information

All TSP employees have an obligation to conduct themselves in accordance with the principle of maintaining the confidentiality of patient and member information in accordance with all applicable laws and regulations. Employees shall refrain from revealing any personal or confidential information concerning patients or members unless supported by legitimate business or patient care purposes. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriateness of releasing information, employees should seek guidance from TSP Plan Administration or appropriate legal counsel.

3.2 - Proprietary Information

Information, ideas and intellectual property assets of TRICARE Senior Prime are important to organizational success. Information pertaining to TRICARE Senior Prime's competitive position or business strategies, payment and reimbursement information, and information relating to negotiations with employees or third parties should be protected and shared only with employees having a need to know such information in order to perform their job responsibilities. Employees should exercise care to ensure that intellectual property rights, including patents, trademarks, copyrights and software is carefully maintained and managed to preserve and protect its value.

3.3 - Personnel Actions/Decisions

Salary, benefit and other personal information relating to employees shall be treated as confidential. Personnel files, payroll information, disciplinary matters and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. Employees will exercise due care to prevent the release or sharing of information beyond those persons who may need such information to fulfill their job function.

Principle 4 - Conflicts of Interest

Directors, officers, committee members and key employees owe a duty of undivided and unqualified loyalty to the organization. Persons holding such positions may not use their positions to profit personally or to assist others in profiting in any way at the expense of the organization. (Please refer to the applicable DoD and Federal regulations on Conflict of Interest for further guidance.)

All covered persons are expected to regulate their activities so as to avoid actual impropriety and/or the appearance of impropriety which might arise from the influence of those activities on business decisions of TSP, or from disclosure or private use of business affairs or plans of TSP.

4.1 - Outside Financial Interests

While not all inclusive, the following will serve as a guide to the types of activities by a covered person, or household member of such person, which might cause conflicts of interest:

1. Ownership in or employment by any outside concerns which does business with TSP. This does not apply to stock or other investments held in a publicly held corporation, *provided* the value of the stock or other investments does not exceed 5% of the corporation's stock. TRICARE Senior Prime may, following a review of the relevant facts, permit ownership interests which exceed these amounts if management concludes such ownership interests will not adversely impact TSP's business interest or the judgment of the covered person. The exemptions for stock ownership are based on dollar values, not percentages of stock. For example, if an employee, his/her spouse, minor children own more than \$5,000.00 worth of stock in a particular corporation, the employee is prohibited from participating in a particular matter involving that corporation unless a waiver is obtained.
2. Conduct of any business not on behalf of TSP, with any vendor, supplier, contractor, or

agency, or any of their officers or employees.

3. Representation of TSP by a covered person in any transaction in which he or she or a household member has a substantial personal interest.

4. Disclosure or use of confidential, special or inside information of or about TSP, particularly for personal profit or advantage of the covered person or a household member.

5. Competition with TSP by a covered person, directly or indirectly, in the purchase, sale or ownership of property or property rights or interests, or business investment opportunities.

4.2 Off Duty Employment of DoD Employees

DoD Directive 6025.7, AR 40-1, and MEDCOM Regulation 600-3 govern off-duty employment by military and DoD civilian health care providers. In general, no person identified in the aforementioned sentence shall perform work or render services for any competitor of TSP or for any organization with which TSP does business or which seeks to do business with TSP outside of the normal course of his/her employment with TSP without the approval of the Chief Executive Officer, or his designee, and the person's supervisor. Nor shall any such employee be a director, officer, or consultant of such an organization, nor permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization.

4.3 - Participation on Boards of Directors/Trustees

1. DoD employees may not participate in their official capacities in the management of non-Federal entities without authorization from the DoD General Counsel and in some instances Secretarial designation per the Joint Ethics Regulation, DoD 5500.7-R, Section 3-202.

2. A covered person must obtain approval from his/her supervisor prior to serving as a member of the Board of Directors/Trustees of any organization whose interests may conflict with those of TSP.

3. A covered person who is asked, or seeks to serve on the Board of Directors/Trustees of any organization whose interest would not impact TRICARE Senior Prime (for example, civic [non-governmental], charitable, fraternal and so forth) will not be required to obtain such approval. However, an officer or civilian employee who is an officer or director of a private organization may not participate in official matters affecting the financial interests of that private organization even though someone else makes the final decision (18 USC, 208). A DoD employee may not serve in a personal capacity as an officer, member of the Board of Directors, or in any other similar position in any non-Federal entity offered because of their DoD assignment or position (Joint Ethics Regulation, DoD 5500.7-R, Section 3-301).

4. All fees/compensation (other than reimbursement for expenses arising from Board

participation) that are received for Board services provided during normal work time shall be paid directly to TRICARE Senior Prime.

5. A covered person must disclose all Board of Directors/Trustees activities in the annual Conflict of Interest disclosure statement.

6. TRICARE Senior Prime retains the right to prohibit membership on any Board of Directors/Trustees where such membership might conflict with best interest of TRICARE Senior Prime.

7. Questions regarding whether or not Board participation might present a conflict of interest should be discussed with a covered person's supervisor. A covered person must obtain approval from his/her supervisor prior to serving as a member of the Board of Directors/Trustees of any organization whose interests may conflict with those of TSP.

4.4 - Honoraria

DoD Employees: The honoraria prohibition of 5 U.S.C.App.501 and 5 C.F.R.2635, Subpart H and 2636 restrict Compensation for a lecture, speech, or writing. All DoD employees are encouraged to participate as faculty and speakers at educational programs and functions. However, DoD employees may not accept any honorarium for an appearance, speech, or article written in his/her official capacity or as part of his/her official duties. Any questions should be directed to the individual's Ethics Counselor.

Principle 5 - Business Relationships

TRICARE Senior Prime success is based on the mutual commitment between Government and industry to work cooperatively as a team to identify and resolve problems, avoid disputes, and facilitate contract performance. On February 21, 1997 a Partnering agreement was signed by Region 11 Government and Foundation Health Federal Services leadership attesting to a commitment to create a shared vision for TRICARE success in the Region. This agreement provides a blueprint for creating an environment promoting trust, collaborative decision-making, empowerment, mutual respect, openness, and honesty. These are the values upon which all personnel involved with TRICARE Senior Prime in Region 11 are expected to abide.

To assist in this effort, the Standards set forth below are intended to guide employees in determining the appropriateness of the listed activities or behaviors within the context of TRICARE Senior Prime business relationships, including relationships with vendors, providers, contractors, third party payers and government entities. It is the intent of TRICARE Senior Prime that this policy be construed broadly to avoid even the appearance of improper activity. All business activities must be transacted free from offers or solicitation of gifts and favors or other improper inducements in exchange for influence or assistance in a transaction. If there is any doubt or concern about whether specific conduct or activities are ethical or otherwise appropriate, you should contact your Ethics Counselor.

5.1 - Gifts and Gratuities

It is TRICARE Senior Prime's desire to at all times preserve and protect its reputation and to avoid the appearance of impropriety. DoD 5500.7-R, the Joint Ethics Regulation, along with other federal laws and regulations shall be used as guides to avoid these circumstances. For DoD employees, these are not guides – they are mandatory. In general, the following rules apply. If DoD employees have questions at any time, they should contact their Ethics Counselor.

1. **Gifts from Patients or Members.** Employees are prohibited from *soliciting* tips, personal gratuities or gifts from patients and members and from accepting monetary tips or gratuities. DoD personnel may not accept gifts, tips, gratuities, etc. for performing their jobs. If a patient or another individual wishes to present a monetary gift, he/she should be referred to the Madigan Army Medical Center Resource Management Office.

2. **Gifts Influencing Decision-making.** Employees shall not accept gifts, favors, services (to include travel, in kind subsistence, accommodations and payments or reimbursements of expenses) entertainment or other things of value to the extent that decision-making or actions affecting TSP might be influenced. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision making process of any purchaser, supplier, customer, Government official or other person by TSP is absolutely prohibited. Any such conduct must be reported immediately either to the director of internal audit or to the TSP legal counsel.

3. **Gifts From Existing Vendors.** Employees may retain gifts from vendors that have a nominal value. (TSP has made no attempt to define “nominal” as a specific dollar value. Rather, TSP expects its employees to exercise good judgment and discretion in accepting gifts). **DoD employees are governed by the gift rules, which include values, set forth in 5 CFR 2635, Subpart B, and DoD 5500.7-R, the Joint Ethics Regulation.** If an employee has any concern whether a gift should be accepted, the employee should consult with his/her supervisor or Ethics Counselor. To the extent possible, these gifts should be shared with the employees' co-workers. Employees shall not accept excessive gifts, meals, expensive entertainment or other offers of goods or services, which have more than a nominal value, nor may they solicit gifts from vendors, suppliers, contractors or other persons.

4. **Vendor Sponsored Entertainment.** At a vendor's invitation, an individual may accept meals or refreshments at the vendor's expense. Occasional attendance at a local theater or sporting event, or similar entertainment at vendor expense may also be accepted. In most circumstances, a regular business representative of the vendor should be in attendance with the employee. **MEDCOM Policy Letter, SUBJECT: Gifts of Food or Beverages from Contractors, dated 20 Mar 97, prohibits contractor, vendor, and manufacturer representatives, and others seeking business with the Army Medical Department from providing food or beverages at MEDCOM facilities (even items of a value of \$20 or less). Therefore, a meal at a restaurant of less than \$20 could be accepted; but the same refreshments could not be brought to Madigan Army Medical Center and served (commonly referred to as the “Pizza Rule”)**

5.2 - Workshops, seminars and training sessions

Attendance at local, vendor-sponsored workshops, seminars and training sessions is permitted. Attendance, at vendor expense, at out of town seminars, workshops and training sessions is permitted only with the approval of an employee's supervisor and when clear definition is made the participant is not receiving payment or reimbursement associated with any activity associated with the workshop, seminar, or training session. **Acceptance of the gift of travel by DoD employees is governed by 31 U.S.C. 1353 and such offers should be referred to the Gifts and Proffers Manager, Resource Management Division, Madigan Army Medical Center.**

5.3 - Contracting

Employees may not utilize "insider" information for any business activity conducted by or on behalf of TSP. All business relations with contractors must be conducted at arm's length both in fact and in appearance and in compliance with TSP policies and procedures. Employees must disclose personal relationships and business activities with contractor personnel, which may be construed by an impartial observer as influencing the employees' performance or duties. Employees have a responsibility to obtain clarification from management employees on questionable issues, which may arise, and to comply, where applicable, with the TSP's conflict of interest policy. The gift acceptance rules at 5 CFR 2635, Subpart B, and DoD 5500.7-R, the Joint Ethics Regulation bind all Government employees.

5.4 - Business Inducements

TSP employees shall not seek to gain any advantage through the improper use of payments, business courtesies or other inducements. Offering, giving, soliciting or receiving any form of bribe or other improper payment is prohibited.

Appropriate commissions, rebates, discounts and allowances are customary and acceptable business inducements provided that TSP management approves them and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value, competitively justified, properly documented, and made to the business entity to which the original agreement or invoice was made or issued. Such payments should not be made to individual employees or agents of business entities.

In addition, employees may provide gifts, entertainment and meals of nominal value to TRICARE Senior Prime customers, current and prospective business partners and other persons when such activities have a legitimate business purpose, are reasonable and consistent with all applicable laws.

Principle 6 - Protection of Assets

All employees will strive to preserve and protect Federal Government Resources by making prudent and effective use of TSP resources and properly and accurately reporting any potential violation of appropriate use to the TRICARE Senior Prime Plan Manager. Resources include communication systems, personnel, equipment, property used, and financial assets.

The Standards set forth below are intended to guide key employees by articulating TRICARE Senior Prime's expectations as they relate to activities or behaviors which may impact TRICARE Senior Prime's financial health or which reflect a reasonable and appropriate use of assets.

6.1 - Internal Control

TSP has established control standards and procedures to ensure that assets are protected and properly used and that financial records and reports are accurate and reliable. All employees of TSP share the responsibility for maintaining and complying with required internal controls.

6.2 - Financial Reporting

All financial reports, accounting records, research reports, expense accounts, time sheets and other documents must accurately and clearly represent the relevant facts or the true nature of a transaction. Improper or fraudulent accounting, documentation or financial reporting is contrary to the policy of TSP and may be in violation of applicable laws.

6.3 - Travel and Entertainment

Travel and entertainment expenses should be consistent with the employees' job responsibility and the organization's needs and resources. It is TSP's policy that an employee should not suffer a financial loss or a financial gain as a result of business travel and entertainment. Employees are expected to exercise reasonable judgement in the use of TSP's assets and to spend the organization's assets as carefully as they would spend their own.

6.4 - Personal Use of Corporate Assets

All employees are expected to refrain from converting assets of the organization to personal use. All property and business of the organization shall be conducted in the manner designed to further TSP's interest rather than the personal interest of an individual employee. Employees are prohibited from the unauthorized use or taking of TSP's equipment, supplies, materials or services. Prior to engaging in any activity on company time which will result in remuneration to the employee or the use of TSP's equipment, supplies, materials or services for personal or non-work related purposes, employees shall obtain the approval of their immediate supervisor and appropriate manager of TSP.

Administration and Application of this Code of Conduct.

TSP expects each person to whom this Code of Conduct applies, to abide by the Principles and Standards set forth herein and to conduct the business and affairs of TSP in a manner consistent with the general statement of principles set forth herein.

Failure to abide by this Code of Conduct or the guidelines for behavior that the Code of Conduct represents may lead to disciplinary action. For alleged violations of the Code of Conduct, TSP will weigh relevant facts and circumstances, including, but not limited to, the extent to which the

behavior was contrary to the express language or general intent of the Code of Conduct, the egregiousness of the behavior, the employee's history with the organization and other factors which TSP deems relevant. Discipline for failure to abide by the Code of Conduct may, in TSP's discretion, range from oral correction to termination. In the event that an employee is covered by the terms of a collective bargaining agreement, discipline shall be in accordance with the provisions of the collective bargaining agreement.

Nothing in this Code of Conduct is intended to nor shall be construed as providing any additional employment or contract rights to employees or other persons.

While TSP will generally attempt to communicate changes concurrent with or prior to the implementation of such changes, TSP reserves the right to modify, amend or alter the Code of Conduct without notice to any person or employee. Go to training

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